C I B C R

SERVICE SECTOR INDICATORS

Center for International Business Cycle Research
Columbia University Business School, New York, New York 10027 (212) 280-2916

Dr. Geoffrey H. Moore, Director

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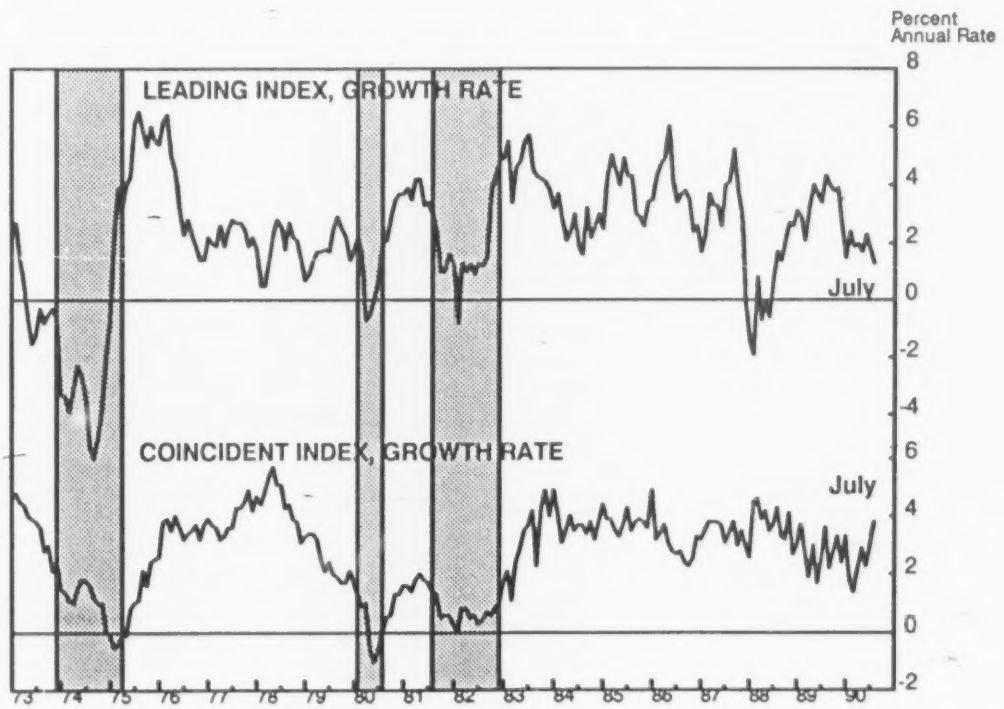
SERVICES LEADING INDEX SLIPS AGAIN

The leading index of service sector activity, compiled by the Columbia Business School's Center for International Business Cycle Research, fell from a revised 157.8 in June to 157.7 in July, reducing its annualized growth rate from a revised 1.8% in June to 1.3% in July. The decline was caused by drops in construction contracts for commercial buildings and in profit margins and stock prices in services, offset in part by a rise in the average workweek in the service sector.

The coincident index of service sector activity, however, has not yet started to reflect this weakness in the leading index, and rose from a revised 193.2 in June to 194.5 in July, raising its annualized growth rate from a revised 3.0% in June to 3.8% in July. The index was pushed up by rises in personal consumption expenditures, labor income and employee hours in the service sector.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index* (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1989:						
Jan.	152.1	2.9r	32.95	886r	95.2	111.4r
Feb.	151.9	2.1r	32.75	730r	98.7	112.8r
Mar.	153.0	3.2	32.81	783r	98.5	114.4r
Apr.	154.0r	4.0	33.07	772r	102.5	112.9r
May	154.2	3.7r	32.75	806r	108.0	114.6r
June	154.5	3.4	32.76	840	111.6	113.4r
July	155.6	4.3r	33.03	779r	116.5	112.4r
Aug.	155.8	4.0r	32.72	778r	121.9	114.6r
Sept.	156.1r	3.8	32.81	818r	122.1	113.4r
Oct.	156.7r	3.9r	32.95	808r	122.6	112.9r
Nov.	156.1	2.6	32.74	717	120.1	114.1
Dec.	155.6r	1.5r	32.73	638r	120.6	112.6
1990:						
Jan.	156.6	2.4r	32.69	791r	116.5	114.7r
Feb.	156.6	1.9	32.81	639r	112.1	115.3r
Mar.	157.1r	2.0r	32.86	673r	114.6	114.4r
Apr.	157.2	1.7	32.92	643r	113.8	113.6r
May	157.9r	2.3	32.80r	721r	117.3	114.6r
June	157.8r	1.8r	32.88r	604r	121.2r	113.3r
July	157.7	1.3	33.01	522	118.5	112.2

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1989:						
Jan.	186.8r	3.7r	1895.0r	1289.8r	693.2	111.5
Feb.	186.5r	2.8r	1896.6r	1301.5r	683.7	111.2
Mar.	186.0r	1.9r	1898.6r	1296.2r	679.9	111.2
Apr.	187.5r	3.0r	1900.5r	1301.9r	690.5	112.5
May	186.6r	1.7r	1902.5r	1301.5r	682.5	111.5
June	187.8r	2.5r	1909.5r	1304.0r	692.4	112.2
July	189.3r	3.6r	1916.5r	1311.7r	702.4	113.2
Aug.	188.4r	2.2r	1923.5r	1313.6r	692.2	112.2
Sept.	189.4r	2.8r	1928.9r	1316.2r	699.8	112.8
Oct.	190.3r	3.3r	1934.3r	1319.3r	705.1	113.6
Nov.	189.8r	2.4r	1939.7r	1318.4r	698.2	113.4
Dec.	191.2r	3.3r	1941.0r	1333.7r	707.9	113.9
1990:						
Jan.	190.1r	1.8r	1942.4r	1318.8r	694.7	114.6
Feb.	190.0r	1.4r	1943.7r	1323.2r	691.0	114.6
Mar.	191.1r	2.2r	1948.1r	1330.5r	698.7	114.9
Apr.	192.2	2.9r	1952.4r	1336.8	707.5	115.5
May	192.0r	2.3r	1956.8r	1341.1r	703.8	115.0r
June	193.2r	3.0r	---	1344.9r	712.2r	115.5r
July	194.5	3.8	---	1347.9	720.1	116.3

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.

r = revised.

Cols. 1, 2, 4 and 6 are revised because of revisions in Profit Margins, and revised seasonal adjustment for Construction Contracts.

Cols. 7, 8, 9 and 10 are revised because of revisions in Services Output and in Personal Consumption Expenditures.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.

4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.

5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.

6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.

9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.

11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.

12. Bureau of Labor Statistics, all employees.

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